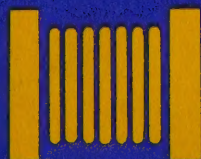


Annual Report

FOR THE YEAR ENDED
March 31st, 1965



INDUSTRIAL

WIRE & CABLE CO. LIMITED



Industrial Wire & Cable Co. Limited

Manufacturing Plants: Toronto, Ont.
Quebec, Que.

Lacal Industries Limited

Manufacturing Plants: Newmarket, Ont.
Brantford, Ont.
(Barnard Foundries Limited)
Montreal, Que.

Joint Sales Offices

Vancouver, B.C.
Edmonton, Alta.
Winnipeg, Man.
Toronto, Ont.
Newmarket, Ont.
Montreal, Que.
Quebec, Que.
Stellarton, N.S.

DIRECTORS

R. M. Barford	Toronto, Ont.
C. P. Clare	Chicago, Ill.
P. M. Forand	Plessisville, Que.
Maxwell Goldhar	Toronto, Ont.
H. D. Percy	Oakville, Ont.
J. G. Torrance	Toronto, Ont.
G. D. Zimmerman	Nashville, Ont.

OFFICERS

Maxwell Goldhar	Chairman
G. D. Zimmerman	President
H. D. Percy	Vice-President
D. C. Cleland	Secretary-Treasurer

AUDITORS

Price Waterhouse & Co.	Toronto, Ont.
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SOLICITORS

Wahn, Mayer, Smith, Creber, Lyons, Torrance & Stevenson	Toronto, Ont.
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TRANSFER AGENT

Guaranty Trust Co. of Canada	Toronto, Ont.
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PRESIDENT'S LETTER To The Shareholders

On behalf of the Board of Directors I am pleased to report on your company's operations for the year ended March 31, 1965.

Operations

This has been a record year in sales, earnings and company expansion. Consolidated sales for the group of companies are now running at a rate of approximately \$15,000,000 annually.

Our major acquisition during the year was Lecal Industries Limited. Lecal products incorporate a wide range of electrical and industrial hardware. We have incorporated into Lecal Industries Limited the operations and assets of the Hayes Hardware Division and the Lachine Forge Division previously acquired. A subsidiary of Lecal, Barnard Foundries Limited in Brantford, Ontario, operates a non-ferrous foundry. Lecal Industries provides us with a major expansion in our line of electrical products, utilizing more efficiently our investment in marketing and engineering personnel. Direct sales coverage is now maintained from Industrial-Lecal sales offices and warehouses in Vancouver, Edmonton, Winnipeg, Toronto, Montreal, Quebec City and Stellarton, Nova Scotia.

We are continuing to make representations to correct the unfair competition of The Bell Telephone Company of Canada, a monopoly, and its wholly-owned subsidiary, Northern Electric Company, in our area of free enterprise.

Financial Results

Earnings for the year set a new record of \$565,177, equivalent to 34.3¢ per share after provision for income taxes, both current and deferred.

During the year long-term debt of the consolidated companies was reduced by \$640,000. The marked increase in consolidated assets reflects the acquisition of Lecal Industries Limited. Working capital showed continued improvement.

Outlook

In spite of several critical areas of supply, notably copper, the outlook for 1965 is excellent. The demand for our products is high, reflected in increased sales over the same period last year, and the highest backlog in the company's history.

We welcome to our Board of Directors, Mr. Ralph Barford, President of General Steel Wares, Ltd. Mr. Barford's wide experience in the field of electrical manufacturing will be of great assistance to the company in the future.

The co-operation of our employees throughout the year has been especially noteworthy. On behalf of the Board of Directors I wish to extend to them our very sincere appreciation.



G. D. Zimmerman
President

INDUSTRIAL WIRE & CABLE CO. LIMITED

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNINGS

	Year ended March 31	
	1965	1964
Earnings from operations before the undernoted charges	\$1,029,566	\$ 589,005
Deduct:		
Depreciation	282,269	224,641
Bond and note interest	22,120	18,132
Write down of investment in a subsidiary company	—	20,000
	<u>304,389</u>	<u>262,773</u>
Earnings before provision for income taxes	725,177	326,232
Provisions for income taxes (Note 3):		
Current	13,000	—
Deferred	147,000	—
	<u>160,000</u>	<u>—</u>
Net earnings for the year	<u>\$ 565,177</u>	<u>\$ 326,232</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	Year ended March 31	
	1965	1964
Deficit, at beginning of year	\$ 370,856	\$ 699,713
Deduct:		
Net earnings for the year	565,177	326,232
Discount on preference shares purchased for cancellation	—	2,625
	<u>565,177</u>	<u>328,857</u>
Retained earnings (deficit), at end of year	<u>\$ 194,321</u>	<u>\$ (370,856)</u>

See accompanying notes to financial statements.

INDUSTRIAL WIRE

AND SUBSID

CONSOLIDATED

	March 31	
ASSETS	1965	1964
CURRENT ASSETS:		
Accounts receivable, less allowance for doubtful accounts	\$1,910,989	\$ 824,661
Inventories (Note 1)	3,785,419	2,244,817
Investment in subsidiary company not consolidated	—	52,374
Prepaid expenses and deposits	403,558	67,570
	<u>6,099,966</u>	<u>3,189,422</u>
FIXED ASSETS, at cost:		
Land	233,294	206,291
Buildings, machinery and equipment	4,734,108	3,035,338
	4,967,402	3,241,629
Less — Accumulated depreciation	1,821,312	925,600
	<u>3,146,090</u>	<u>2,316,029</u>
TRADE MARK AND LICENSES, at cost less amortization	19,996	25,000
APPROVED ON BEHALF OF THE BOARD:		
G. D. ZIMMERMAN, Director		
H. D. PERCY, Director		
	<u>\$9,266,052</u>	<u>\$5,530,451</u>

See accompanying n

ABLE CO. LIMITED

COMPANIES

ALANCE SHEET

		March 31	
	LIABILITIES	1965	1964
CURRENT LIABILITIES:			
Bank advances (secured)		\$1,640,973	\$ 317,025
Accounts payable and accrued liabilities		2,037,037	840,220
Taxes payable		171,181	97,062
Current instalments on long-term liabilities		338,600	250,000
		<u>4,187,791</u>	<u>1,504,307</u>
CUSTOMERS' DEPOSITS ON REELS		185,706	128,820
LONG-TERM LIABILITIES (Note 2)		2,307,884	2,405,000
DEFERRED INCOME TAXES (Note 3)		147,000	—
		<u>6,828,381</u>	<u>4,038,127</u>
SHAREHOLDERS' EQUITY			
CAPITAL STOCK (Note 4):			
5% cumulative redeemable non-voting preference shares, par value \$10 each —			
Authorized — 33,070 shares			
Issued — 1,124 shares		11,240	11,240
Common shares, no par value —			
Authorized — 4,000,000 shares			
Issued — 1,645,348 shares		2,232,110	1,851,940
		<u>2,243,350</u>	<u>1,863,180</u>
RETAINED EARNINGS (DEFICIT)		194,321	(370,856)
		<u>2,437,671</u>	<u>1,492,324</u>
		<u>\$9,266,052</u>	<u>\$5,530,451</u>

financial statements.

INDUSTRIAL WIRE & CABLE CO. LIMITED

AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 1965

1. INVENTORIES:

Raw materials are valued at the lower of cost or replacement cost. Finished goods and work in process are valued at the lower of cost or net realizable value.

2. LONG-TERM LIABILITIES:

5¾% First Mortgage Bonds, Series A, payable \$50,000 annually to July 1, 1969	\$ 225,000
5% Notes payable \$88,600 January 31, 1966 and \$90,000 January 31, 1967	178,600
Debentures (non-interest bearing)— Series A, payable not less than \$200,000 annually to December 1, 1970 and balance December 1, 1971	1,600,000
Series B, payable December 1, 1971, convertible into common shares of the company between December 1, 1970 and December 1, 1971 at the rate of one share for each \$1 principal amount of debentures	500,000
Purchase price of preference shares of subsidiary company (subject to adjustment on collection of subsidiary's receivables) payable not later than March 31, 1974	<u>142,884</u>
	2,646,484
Deduct — Instalments due within one year included in current liabilities	<u>338,600</u>
	<u>\$2,307,884</u>

In addition to the First Mortgage Bonds, Series A, \$500,000 First Mortgage Bonds, Series B, have been issued as collateral security for bank advances.

Under the provisions of the Series A and B Debentures, the company may not pay any cash dividends while any of the Series A or B Debentures are outstanding. The company has also covenanted under the trust indenture for the First Mortgage Bonds not to pay any cash dividends, reduce its capital or make any principal payments on the Series A Debentures or the Series B Debentures, unless after making such payments current assets exceed current liabilities by at least \$1,000,000.

3. INCOME TAXES:

Income taxes for the year ended March 31, 1965 have been reduced by approximately \$208,000 by application of losses carried forward from prior years.

Provision has been made for deferred income taxes resulting from claiming capital cost allowances for tax purposes in excess of the normal depreciation recorded in the accounts.

4. CAPITAL STOCK:

	<u>Shares</u>	<u>Amount</u>
Balance March 31, 1964	1,389,000	\$1,851,940
Issued as part of consideration for shares of a subsidiary company	199,548	299,322
Issued as part of consideration for tangible assets purchased	50,000	75,000
Issued for cash under the terms of the stock option plan for employees and officers of the company	<u>6,800</u>	<u>5,848</u>
Balance March 31, 1965	<u>1,645,348</u>	<u>\$2,232,110</u>

Of the authorized and unissued common shares 500,000 shares are reserved for possible conversion of Series B Debentures and 55,200 shares are reserved for options granted to employees and officers of the company at prices equal to 82% of the market value at date of grant. The options are exercisable in 1965 for 32,600 shares, in 1967 for 20,600 shares and in 1969 for 2,000 shares.

At March 31, 1965 the cumulative dividend arrears on the outstanding preference shares amounted to \$2,447.

AUDITORS' REPORT

To the Shareholders of


INDUSTRIAL WIRE & CABLE CO. LIMITED:

We have examined the consolidated balance sheet of Industrial Wire & Cable Co. Limited and subsidiary companies as at March 31, 1965 and the consolidated statements of earnings and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of earnings and retained earnings present fairly the financial position of the companies as at March 31, 1965 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, June 2, 1965

Price, Waterhouse & Co.
Chartered Accountants.



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